



# Hammersmith Trade Services

A division of Hammersmith Marketing Ltd.

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## WEEKLY FEED GRAIN AND PROTEIN REPORT March 16, 2019

Travelling this week and next so my report may be a tad shorter than usual – I was in Ireland this week both the Republic and the North and then the UK – travelling with Mr. "Cheap Suit" from Washington or Mr. "Costume Pas Cher" in French – actually it sounds better in French. He did dare me to say this in my weekly report – so I did.

### **SECTION 1: US FEED GRAINS and VEGETABLE AND ANIMAL PROTEIN**

All prices in the US moved a little higher this week – corn prices were up by about USD 4 or 5 m/t, soybeans up by close to USD 5 m/t, soymeal up by USD 7 m/t, soft red winter wheat up by almost USD 8 m/t and hard red winter wheat up by close to USD 5 m/t.

The rally in wheat prices is said to be partially due to the large number of current international wheat tenders and the reaction of speculators to cover their shorts in the futures market. There didn't seem to be any serious fundamental reason for the wheat market to be pushing higher – no disastrous weather reports in the US or nasty events that would seriously affect the US winter wheat crops.

Corn prices were up a little on the week which seems to be due to some reports of serious flooding in parts of the corn belt in the US and the effect that this could have on new crop planting. Export prices were also pushed higher by a lack of farmer selling which has added a couple of dollars to the export port prices.

Soybean prices finished the week higher on the US flooding and planting concerns although planting is still a few weeks away. There was also the NOPA crush report that had soybean crushing for February at quite good levels – but below trade hopes – seems that these days almost any report can cause a couple of days of good price activity.

While prices were up this week it doesn't look like anyone is saying that we are now into a new bull market --- most seem to feel that grains and oilseeds are just stuck in a trading range until something exciting happens.

### **Estimated Bulk Grain Freight in USD per m/t, basis heavy grains**

|   |            |             |   |
|---|------------|-------------|---|
| US Gulf to Europe: 60/70,000 (10,000 disch)   | \$16/17.00 | Steady      | x |
| US Gulf to Spain: 50,000 m/t (5,000 disch)    | \$16/17.00 | Steady      | X |
| US Gulf Israel: 50,000 m/t                    | \$27/28.00 | Down \$1.00 | X |
| US Gulf to Egypt: Panamax (6,000 disch)       | \$26/27.00 | Down \$1.00 | X |
| US Gulf Turkey: 50,000 m/t                    | \$28/29.00 | Down \$1.00 | X |
| US Gulf Morocco: 30,000(5,000 disch)          | \$34/35.00 | Steady      | X |
| US Gulf Algeria/Tunisia: 30,000 (3,000 disch) | \$32/33.00 | Steady      | X |
| US Gulf Nigeria: 30,000 m/t                   | \$44/45.00 | Up \$1.00   | X |
| US Gulf other Med: 30,000 MT(5,000 disch)     | \$34/35.00 | Up \$1.00   | X |
| US Gulf South Africa: 45,000 m/t              | \$34/35.00 | Steady      | X |
| US Gulf Japan: Panamax                        | \$39/40.00 | Down \$1.00 | X |
| US Gulf China: Panamax                        | \$38/39.00 | Down \$1.00 | X |



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|  |               |             |   |
|--|---------------|-------------|---|
| US PNW South Africa – 40,000 m/t                   | \$37/38.00    | Steady      | X |
| US PNW Japan: Panamax                              | \$23/24.00    | Steady      | X |
| US PNW China: Panamax                              | \$22/23.00    | Steady      | X |
| US East Coast Egypt: Panamax                       | \$42/43.00    | Steady      | X |
| US East Coast Nigeria: Handisize                   | \$48/49.00    | Up \$1.00   | X |
|  |               |             |   |
| France/Germany to Algeria: 30,000 m/t(3,000 disch) | \$15/16.00    | Steady      | X |
| France/Germany to Bangladesh: 35/45,000 m/t        | \$29/30.00    | Steady      | X |
| France/Germany to China: 50,000 m/t                | \$35/36.00    | Down \$1.00 | X |
| France/Germany to Egypt: 50,000 m/t (10,000 disch) | \$13/14.00    | Steady      | X |
| France/Germany to India: 50,000 m/t                | \$20/21.00    | Down \$1.00 | X |
| France/Germany to Jordan: 35/45,000 m/t (4k disch) | \$20/21.00    | Steady      | X |
| France/Germany to Morocco: 30,000 m/t (3k disch)   | \$13/14.00    | Steady      | X |
| France/Germany to Saudi Arabia: 50/60,000          | \$25/26.00    | Steady      | X |
| France/Germany to South Africa: 30,000 m/t         | \$18/19.00    | Steady      | X |
| France/Germany to Turkey: 35,000 m/t               | \$13/14.00    | Down \$1.00 | X |
| France/Germany to Yemen: 30,000 m/t                | \$30/31.00    | Steady      | X |
|  |               |             |   |
| Argentina to Algeria: 25/30,000 m/t(3,000 disch)   | \$27/28.00    | Steady      | X |
| Argentina to China: 50,000 m/t, with top-off       | \$32/33.00    | Down \$1.00 | X |
| Argentina to Japan: 50,000 m/t, with top-off       | \$31/32.00    | Up \$1.00   | X |
| Argentina to Egypt: 50,000 m/t                     | \$31/32.00    | Down \$1.00 | X |
| Argentina to Europe: 50/60,000 m/t                 | \$33/34.00    | Down \$1.00 | X |
| Argentina to Morocco: 25/30,000 m/t(3,000 disch)   | \$23/24.00    | Steady      | X |
| Argentina to Jordan: 50,000 m/t                    | \$31/32.00    | Steady      | X |
| Argentina to Saudi Arabia: 50,000 m/t              | \$32/33.00    | Steady      | X |
| Argentina to South Africa 50,000 m/t               | \$30/31.00    | Steady      | X |
| Argentina to Spain: 50,000 m/t                     | \$33/34.00    | Down \$1.00 | X |
| Argentina to Tunisia: 25/30,000 m/t (3,000 disch)  | \$27/28.00    | Steady      | X |
| Argentina to US Gulf: 25/35,000 m/t                | \$19/20.00    | Steady      | X |
|  |               |             |   |
| Brazil to Algeria/Tunisia: 25/30,000 m/t           | \$26/27.00    | Steady      | X |
| Brazil to China: 55,000 m/t                        | \$28/29.00    | Down \$1.00 | X |
| Brazil to Japan: 55,000 m/t                        | \$27/28.00    | Down \$1.00 | X |
| Brazil to Europe: 50,000 m/t                       | \$29/30.00    | Down \$1.00 | X |
| Brazil to Morocco: 25/30,000 m/t                   | \$24/25.00    | Steady      | X |
| Brazil to Saudi Arabia 30/40,000 m/t               | \$35/36.00    | Steady      | X |
| Brazil to Spain: 50,000 m/t                        | \$29/30.00    | Down \$1.00 | X |
| Brazil to Turkey/Egypt: 50,000 m/t                 | \$27/28.00    | Down \$1.00 | X |
|  |               |             |   |
| Australia to China: 40-55,000 m/t – round trip     | \$18.00/18.50 | Up \$0.50   | x |
| Australia to Japan: 40-55,000 m/t – round trip     | \$19.00/19.50 | Steady      | X |
| Australia to Saudi Arabia: 40-55,000 m/t           | \$25/26.00    | Steady      | X |
|  |               |             |   |
| Ukraine to China: 50,000 m/t                       | \$32/33.00    | down \$1.00 | X |
| Ukraine to Bangladesh: 45,000 m/t                  | \$33/34.00    | Steady      | X |
| Ukraine to India: 45/50,000 m/t                    | \$30/31.00    | Steady      | X |
| Black Sea to East Med: 30,000 m/t (3,000 disch)    | \$15/16.00    | Steady      | X |
| Ukraine to East Med: coaster (1,000 disch)         | \$28/29.00    | Up \$3.00   | X |
| Russia to Turkey - Izmir: coaster (1,000 disch) -  | \$20/21.00    | Up \$1.00   | X |
| Black Sea to Egypt: 40/50,000 m/t – (6,000 disch)  | \$14/15.00    | Down \$1.00 | X |
| Black Sea to Egypt: 30,000 m/t – (4,000 dich)      | \$14/15.00    | Steady      | X |
| Ukraine to Egypt: coaster 3,000 m/t (1,000 disch)  | \$28/29.00    | Up \$3.00   | X |



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|---|------------|-------------|---|
| Russia to Egypt: coaster 3,000 m/t (1,000 disch)                                | \$33/34.00 | Down \$2.00 | X |
| Black Sea to Iraq: 50,000 m/t (4,000 disch)                                     | \$35/36.00 | Steady      | X |
| Black Sea to Europe: 50,000 m/t   | \$19/20.00 | Steady      | X |
| Black Sea to Morocco: 30,000 m/t (3,000 disch)                                  | \$17/18.00 | Steady      | X |
| Black Sea to Spain: 40/50,000 m/t (8,000 disch)                                 | \$19/20.00 | Steady      | X |
| Black Sea to Jordan: 50,000 m/t (5,000 disch)                                   | \$25/26.00 | Steady      | X |
| Black Sea to Libya: 25/35,000 m/t   | \$21/22.00 | Steady      | X |
| Black Sea to Saudi Arabia – Jeddah – 50k  | \$26/27.00 | Steady      | X |
| Black Sea to South Africa – 30,000 m/t  | \$38/39.00 | Steady      | X |
| Black Sea to Turkey – 30,000 m/t  | \$13/14.00 | Steady      | X |
| Black Sea to Tunisia/Algeria: 30,000(5,000 disch)                               | \$17/18.00 | Steady      | X |
|   |            |             |   |
| Baltic Dry Index – 40% Cape, 30% Panamax, 30% Supramax – no Handisize included) | 730        | Up 81       | X |
| Baltic Capesize Index (100,000 plus DWT)  | 530        | Up 285      | X |
| Baltic Panamax Index (60,000 to 80,000 DWT)                                     | 883        | Down 11     | X |
| Baltic Supramax Index (50,000 to 60,000 DWT)                                    | 786        | Down 4      | X |
| Baltic Handisize Index (25,000 plus DWT)  | 437        | Up 16       | x |
|   |            |             |   |

FOB port or location specified. Prices in US\$, in metric tons:

All shipments in bulk grain vessels unless stated otherwise

(NOLA is New Orleans, Louisiana, USA.)

ALL PRICES ARE FOR April/June 2019

|   |                          |   |
|---|--------------------------|---|
| Wheat, USA Soft Red Winter, NOLA            | USD 203/206              | X |
| Wheat, USA Hard Red Winter 11 protein -NOLA | USD 218/221              | X |
| Wheat, Ukraine 11.5 pro, 30,000+ m/t        | USD 202/205 May/June new | X |
| Wheat, Russia 12.5 pro, 30,000+ m/t         | USD 224/227              | X |
| Wheat, Romania 12.5 pro                     | USD 228/231              | X |
| Wheat, Superior, France, Rouen              | USD 220/222              | X |
| Wheat, milling, 12.0%, Argentina, Upriver   | USD 191/194              | X |
| Wheat, feed, Black Sea                      | USD 178/182 May/June new | X |
|   |                          |   |
| Barley, France, Rouen port                  | USD 203/205              | X |
| Barley, feed, Argentina, up river           | USD 184/187              | X |
| Barley, feed, Black Sea, 30,000+            | USD 181/184 May/June new | X |
|   |                          |   |
| Corn, 2YC FOB NOLA USA                      | USD 159/161              | X |
| Corn, 3YC FOB USA Pacific northwest         | USD 180/182              | X |
| Corn, FOB Argentina port, upriver           | USD 163/165              | X |
| Corn, FOB Brazil port                       | USD 160/162 Aug/Sep      | X |
| Corn, FOB France - Atlantic                 | USD 200/202              | X |
| Corn, FOB Romania                           | USD 171/174              | X |
| Corn, FOB Russia                            | USD 181/184              | X |
| Corn, FOB Ukraine, 30,000+ m/t              | USD 170/173              | X |
| Sorghum, FOB Argentina port                 | USD 170/173              | X |
| Sorghum, FOB Texas                          | USD 178/181              | X |
|   |                          |   |



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|   |                  |   |
|---|------------------|---|
| Soymeal, 48% protein, FOB NOLA          | USD 342/345      | X |
| Soymeal, 48% protein, USA, Rotterdam    | USD 367/370      | X |
| Soymeal, Argentina, Rotterdam           | USD 340/343      | X |
| Soymeal, 47% pro, FOB Argentina         | USD 313/316      | X |
| Soymeal, 48% protein, Brazil, Rotterdam | USD 340/343      | X |
| Soymeal, 48% protein, FOB Brazil        | USD 321/324      | X |
| Soybeans, FOB NOLA                      | USD 355/358      | X |
| Soybeans, Argentina, FOB                | USD 332/335      | X |
| Soybeans, Brazil, FOB                   | USD 346/349      | X |
| Soybeans, Black Sea                     | USD no prices    | X |
|   |                  |   |
| Corn Gluten Meal, USA FOB NOLA          | USD 535>>525 m/t | X |
| Corn Gluten Feed, USA FOB NOLA          | USD 163>>153 m/t | X |
| DDGS corn, 35 profat, USA FOB NOLA      | USD 220>>211     | X |
|   |                  |   |
|   |                  |   |

There is little or nothing to say about corn byproducts this week as US prices didn't do too much. Some trade experts say that the spot premium in prices is about to disappear, but we haven't seen that yet. Prices will probably just drift along and follow what is happening to corn and soymeal prices.

Comments that I have heard this week while travelling in Ireland and the UK are that everything is being driven by soymeal/soybean prices and that these days soymeal is winning the pricing contest.

### Container shipments, minimum 200 m/t

|                                     |                          |
|-------------------------------------|--------------------------|
| Australian MBM 45% protein          | USD 360/370 m/t CNF Asia |
| Australian MBM 50% protein          | USD 400/410 m/t CNF Asia |
| Australian Feathermeal, 80% protein | USD 560/570 m/t CNF Asia |
| Australian Poultry Meal, pet food   | USD 720/730 m/t CNF Asia |
| USA Meat & Bone meal, 50% protein   | USD 420/440 m/t CNF Asia |
|                                     | USD 400/410 to Indonesia |
| USA Feathermeal, 80% protein        | USD 575/585 m/t CNF Asia |
| USA Poultry Meal, feed grade        | USD 525/545 m/t CNF Asia |
| USA Poultry Meal, pet food grade    | USD 720/740 m/t CNF Asia |

Export animal protein prices were steady this week from most producing countries. There was very little buying interest seen from major buyers in Asia as soymeal prices are more attractive than animal proteins.

Reports from Australia say that export feathermeal prices look little weaker but that there hasn't been much new business booked.

In the US domestic market, prices for meat and bone meal are steady but there could be a rally coming in poultry meal prices due to a drop in supply and very good demand on the domestic side. This would also push up the export price for poultry meal.

The Jacobsen Report has said that the US animal protein market has become quite dependent on export markets as domestic buyers are just not using as much animal protein as in previous years – just too many other alternatives at more competitive prices.



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There doesn't seem to be anyone looking for higher prices in animal proteins except perhaps for poultry meal.

### SECTION 2 --- FISHMEAL COMMENTS AND PRICES: PERUVIAN

According to the latest trade comments on the expected new fish/fishmeal taxes in Peru the effect on the export fishmeal prices could be between USD 4 m/t and about USD 13 m/t. It all depends on which of the many calculation systems, said to be under consideration, is adopted. USD 13 m/t seems like too big a hit but perhaps the government needs the income so will go for a higher number. However, there are some weird and wonderful stories about how the new taxes could add as much as USD 60 to a metric ton of fishmeal – don't think that the government will go that far.

There is still no fishing in the south of Peru and, with nothing left to sell, business is very quiet.

The latest fishmeal import estimates from China show that 2019 imports could be down by 9.5%, about 150,000 m/t from earlier estimates and could come in lower than in 2018.

MSI Ceres was mentioning this week that Peru fishmeal production will be down in 2019 as the quotas will just not be as high as we saw in 2018 – 2018 was a great year and 2019 should be a very good year but only at about 80% of 2018.

The trade also seems to be expecting a lower new fishing quota than some of the enthusiastic estimates seem earlier in 2019. Perhaps 2 million m/t will be the absolute maximum. The USDA also feels that Peru's fishmeal production will be down in 2019 – dropping by about 25% from 2018 but then jumping back up in 2020. The USDA report also says that Peru needs to be very careful on 2019 fishing quotas in order to avoid the overfishing of anchovy stocks.

### European fishmeal prices – FOB North German port.

| Type             | Protein %   | Price per m/t USD |
|------------------|-------------|-------------------|
| Herring fishmeal | 72% protein | 1,745             |
| Danish fishmeal  | 64% protein | 1,465             |
| Peru fishmeal    | 64% protein | 1,450             |
| Chile fishmeal   | 67% protein | 1,500             |
| Iceland fishmeal | 70% protein | 1,740             |

### PERU "INDICATION" FISHMEAL PRICES:

ALL PRICES SHOWN ARE IN CONTAINER, ON VESSEL, AT ORIGIN --- US DOLLARS

Minimum shipment of 200 m/t for fishmeal

| Specification                  | Price per m/t FOB vessel Peru port | Price per m/t Chile port |
|--------------------------------|------------------------------------|--------------------------|
| 65/66 protein                  | 1190/1200 m/t                      |                          |
| 67% protein standard steam     | 1250/1260 m/t                      |                          |
| 67% protein 150 TVN            | 1360/1370 m/t                      | No prices                |
| 67% protein 120 TVN            | 1420/1430 m/t                      | 1430/1440                |
| 67% protein 1000 hist, 120 TVN | 1460/1470 m/t                      | 1470/1480                |
| 68% protein 500 hist, 120 TVN  | 1500/1510 m/t                      | 1520/1530                |



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|                               |           |  |
| Fish oil, crude bulk          | 1700/1750 |  |
| Fish oil, crude drums         | 1750/1800 |  |
| Fish oil, flexi tank          | 1850/1900 |  |
| Fish oil, Omega 3: 28%EPA/DHA | 2200/2400 |  |

INFORMATION: gtee = guarantee, TVN = total volatile nitrogen, hist = histamine

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